

**Statement by U.S. Senator Robert C. Byrd at the Initial  
Open Hearing of the U.S.-China Congressional Commission**

I am pleased to participate in the initial hearing in your ongoing investigation of the U.S.-China trade and security relationship. You have a special responsibility and a unique opportunity to provide fresh insight into this key dimension of U.S. foreign policy.

For the foreseeable future, the People's Republic of China presents us with our most important and delicate foreign policy challenge. This is evident from at least two widely recognized phenomena. First, with the end of the Cold War, America -- which continues to define its geopolitical interests globally -- is increasingly focusing its security resources on the Pacific region. This focus is likely to come into conflict with China's regional ambitions. Indeed, we are a long way from the days when China's leaders took seriously the Maoist slogan "seek no hegemony." Second, China has enormous untapped economic resources and a huge and complicated trade and investment relationship with the United States. In short, both countries face a complex array of bilateral opportunities and dangers. It would be a mistake to oversimplify this situation by failing to recognize the interdependence between the economic and national security aspects of the relationship.

Your task is further complicated by the significance of a host of questions that may not be answered with perfect precision. I will cite just four. First, to what extent is China's security apparatus involved in normal commercial transactions between Chinese and Western companies? Second, how does any such involvement help the Chinese Communist Party to maintain its monopoly on political power? Third, how will technology, especially communications

technology, affect that monopoly? Finally, in what way will internal political changes affect China's external orientation, especially its regional geopolitical ambitions?

As each of you uses your historical knowledge and analytical expertise to sort through these issues -- and as you develop your collective judgment about the myriad aspects of the U.S.-China relationship -- your loadstone must always be the evolving long-term national security interests of the United States. I know that your conclusions will help to guide Congress as it discharges its responsibilities under Article I of the Constitution, to (1) "regulate Commerce with foreign Nations," (2) "define and punish ... Offenses against the Law of Nations," and (3) "make Rules for the Government and Regulation of the land and naval Forces."

You must apply your best judgment to issues that will often be difficult to precisely evaluate. As Aristotle pointed out in his Nicomachean Ethics:

Our discussion will be adequate if it has as much clearness as the subject-matter admits of, for precision is not to be sought for alike in all discussions, any more than in all products of the crafts. Now fine and just actions, which political science investigates, admit of much variety and fluctuation of opinion.... We must be content, then, in speaking of such subjects, and with such premises, to indicate the truth roughly and in outline, and in speaking about things which are only for the most part true, and with premises of the same kind, to reach conclusions that are no better.

The statutory mandate that you have been given is intentionally broad. Little of importance has been left off the table, and you have been given the time and the resources to explore all productive avenues of inquiry. You must develop a full understanding of the complexities surrounding the transfer of economic resources from America to China, including the huge annual surpluses on China's trade account and the mushrooming infusions of U.S. equity capital onto Chinese soil. An evaluation of this transfer of economic resources should

include the impact on China's economic and political systems, its strategic planning, military buildup, and regional behavior. An assessment of the overall effect of the transfer of resources on the long-term security interests of the United States - - particularly focusing on the U.S. role in supporting peace and stability in the Pacific region - - is what we are after.

In addition, your report must include a full investigation of China's acquisition of U.S. dual-use and military technology. I believe that China is concentrating on technology acquisition from the United States and the West in lieu of fully marshaling its own domestic efforts in support of research and development. Aside from the direct acquisition of technology by contract and government-imposed offset requirements, China is utilizing the Peoples Liberation Army and Defense Ministry-owned front companies operating in the United States to procure advanced dual-use and military technology, such as high-performance computers and navigation and communications equipment. Some sources estimate that there are as many as 3,000 Chinese government front companies operating in the United States.

Our need is for you to provide us with quantitative and qualitative analyses of these trends, as well as your suggestions concerning appropriate policy responses. Are our current approaches to export control vis-a-vis China achieving our objectives? Should we develop new unilateral or multilateral export control approaches? Are we devoting the necessary resources to this task?

We must try to view our relationship with China as a complex totality -- with economic, military, societal, and environmental components. On climate change, for example, a topic of immense importance to the United States and the world, China's refusal to become a part of the

Kyoto negotiations was a major factor in leading me to the conclusion that the then-current version of the Kyoto Protocol was flawed and unworkable. The Chinese are second in the world in greenhouse gas emissions and are expected to become the world's leader in 2015. The Chinese must not walk away from their responsibility to become part of the solution to the global climate change problems of which they are a part. As I have said in another context, China is an industrial behemoth and must be regarded as such. We must not permit China to hide behind a "developing nation" moniker. We have no wish to put a lid on China's economic future. Yet, we are all inhabitants of this planet and its environment must be protected by all of us for all of us.

On the trade side, there are many bilateral and multilateral issues you will need to consider, but let it suffice for me to say that the Chinese leadership has an unfortunate tendency to refuse to abide by the understandings that have long formed the basis of America's bilateral trade relationships. Now that China has come to an agreement with the United States on the terms and conditions of its accession to the World Trade Organization, we must be alert to any return to its most objectionable practices, such as export subsidization and predatory dumping.

Finally, it seems clear that the Chinese regime is testing the mettle of this Administration on the security side. Here, we may face real danger insofar as the Chinese miscalculate American resolve to protect our interests and demand adherence to commitments, particularly in relation to Taiwan. Miscalculation must be avoided or at least minimized, through threat-reduction mechanisms and institutions, such as those we put into place over several decades in our relations with the former Soviet Union.

The Chinese have written openly about new forms of warfare such as information and cyber-warfare that they feel could serve to offset the United States' military and strategic advantages. Your mandate includes a requirement to examine China's intentions and programs in this area.

The incident with our EP-3 reconnaissance plane, while disturbing and unfortunate, had the salutary benefit of putting to rest the view that U.S.-China trade issues can be neatly separated from U.S.-China security issues. The American public now understands, if it did not already, that China is engaged in a concentrated effort to acquire U.S. military and dual-use technologies, and that China's commercial relationships must be considered as part of this effort.

You would serve our country -- and the U.S. Senate -- well if you would determine (1) the magnitude of the economic and military resources China has accumulated through trade and investment flows with the West and (2) the extent to which those resources are being presently used and China's future plans for that use over the next generation to challenge U.S. interests and policies in the Pacific region. This analysis should include details on the types of militarily useful technologies that the Chinese are acquiring and the strategic objectives that drive such acquisitions.

The Commission's first required report is due next March. In the interim period, however, if events arise that, in your judgment, compel an interim report, I would encourage you to communicate this need to the Senate leadership and to appropriate Congressional committees.

I see from your hearing schedule today that you have included influential officials from the last Administration, such as Ambassador Barshevsky and Ambassador Prueher, and I understand that you are inviting a wide range of officials from the current Administration for your hearings this summer, along with a variety of experts from the business, labor, and academic communities. Congress will surely benefit from your effort to take in the widest possible range of views and information.

In sum, I would leave you with this: the problems we face with China go much deeper than the usual trade frictions. We are talking about a country that already has a demographic and geographic magnitude beyond the comprehension of the average person; a country that is growing in economic power and influence; a country that has an agenda. Its leaders are communists. That means that they are, to a large extent, immune to the moderating influence of an informed public opinion. They will be working while we are sleeping - - working to maximize their power on all fronts. We need this Commission. In formulating your governing statutory provisions, I endeavored to ensure that, in opening the door to expanded trade with China, we do not close our eyes to serious concerns about our national security.

I wish you success in this all-important endeavor.